

Ways to Gender-Smart Climate Finance: Green Jobs

A gender-smart climate finance investment can be defined as Paris aligned and meeting climate finance and **2X** criteria.

Climate action has the potential to create more than 30 million new green jobs by 2030.¹ More jobs can be created per dollar invested in green economy projects than in those created through investment in fossil fuels.^{2,3} by up to two-to-three times.⁴

To achieve the United Nations’ Sustainable Development Goals (SDGs), it is crucial the ‘green jobs’ promoted as a result of the transition to net zero and climate-resilient economies by 2050 are delivering fair incomes, security and social protection for both women and men. That way, gender gaps in the labour market can be reduced, and women can participate equally in the benefits brought about by the green transition. Empowering women with access to, and control, over economic assets and decent work has proven to improve climate and environmental outcomes and enable climate-responsive innovation.⁵

Ensuring gender equality and decent⁶ work is achieved alongside the shift to net zero and climate-resilient economies requires careful planning and deliberate interventions by a range of stakeholders – including governments, corporates, investors and civil society – in consultation with workers and communities. Investors have an important role to play in gender inclusion by setting expectations and supporting initiatives for representation of female workforce at all levels, particularly in technical and managerial roles in the new green economy.

Gender balance across green sectors will enable businesses to more easily respond to transition demands, increase their profitability and shift business models to become more inclusive and resilient.

What is a gender-smart climate finance investment?

Put simply, it is an investment that delivers both significant climate outcomes and promotes gender equality and women’s empowerment. A gender-smart climate finance investment can be defined as:

1. Being ‘Paris aligned’ – assessed as consistent with a pathway towards low GHG emissions and climate-resilient development in line with the objectives of the Paris Agreement. Paris aligned projects are characterised by:
 - A carbon footprint or carbon intensity that is limited or declining in line with a Paris aligned trajectory;
 - Limited vulnerability to physical climate hazards;
 - Low transition risk and carbon lock-in risk; and
 - Does not indirectly support non-aligned activities.
2. Meeting climate finance criteria.
3. Meeting **2X** criteria.

Methodologies that assess Paris alignment at the transaction and institution level are emerging, for example Multilateral Development Banks (MDBs) have developed a [joint Paris alignment approach](#) and [CDC has also published its own approach](#). Climate finance eligibility, either as mitigation or adaptation finance (or both), can be defined through established criteria or taxonomies, such as the joint MDB methodology for tracking climate finance or the European Union (EU) taxonomy for sustainable finance.

According to the International Labour Organization (ILO), green jobs are decent jobs in any economic sector (for example, agriculture, industry, services and administration) that contribute to preserving, restoring and enhancing environmental quality.⁷

This brief is part of a series of gender and climate finance thematic and sector briefs produced by the 2X Climate Finance Taskforce. You can access the series [here](#).



We encourage users of this guide to select a credible Paris alignment approach and climate finance definition which can then be overlaid with the 2X criteria to reveal the intersection of gender and climate finance. 2X is an industry standard aiming to mobilise investments in businesses that contribute to gender equality and women’s economic empowerment.

When should I use this sector note?

This thematic note supports development finance institutions (DFIs), MDBs, fund managers and other financial institutions to pursue gender-responsive climate investments in line with the 2X criteria, respective climate eligibility frameworks, as well as other relevant impact frameworks (such as environmental social and governance (ESG) considerations, development impact and transition impact).

Click on each section to access relevant thematic information:

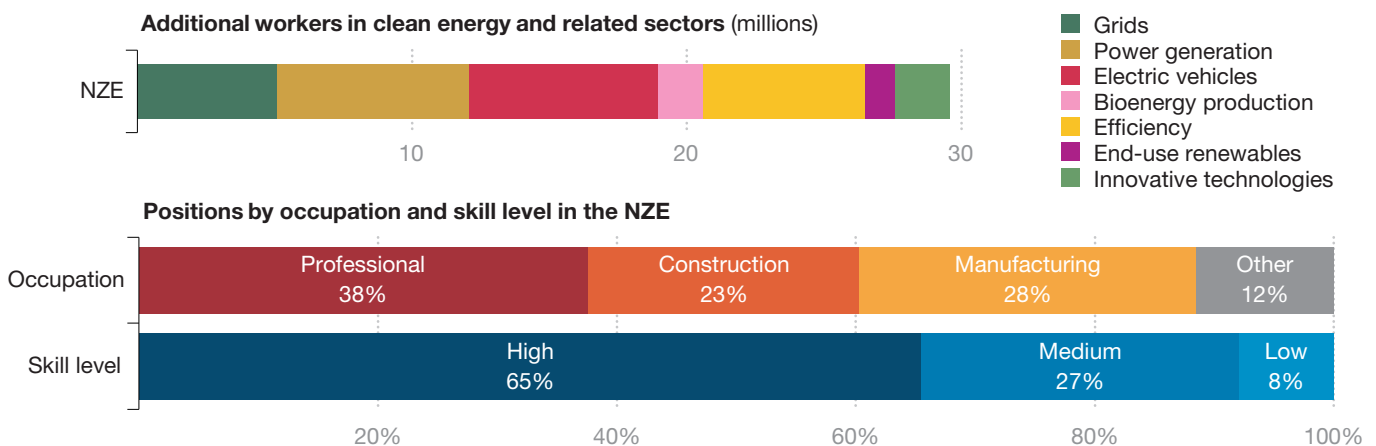
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Explain the rationale, trends, business and impact drivers, and barriers and opportunities.
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Meet both climate finance and 2X gender finance eligibility.
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Review best practice and 2X gender-smart climate business solutions.

1. Why? Applying a gender-smart lens to green jobs

The economic and societal shifts needed to deliver a global net zero carbon economy and reduce the impact of climate change are underway and will inevitably result in changes in employment patterns. While new jobs will be promoted in clean energy (such as renewable energy, energy-efficient construction and electricity networks), jobs in fossil fuel production and supply will be lost, and jobs in other areas will be transformed – such as transition from the manufacture of internal combustion engine vehicles to electric vehicles.

In other words, workers will ‘transition in’ to new green jobs, ‘transition out’ of sectors that are dependent on fossil fuels and reskill and upskill in sectors that are undergoing transformation. This is against a background of increasing automation transforming employment patterns⁸. According to the International Energy Agency’s Net Zero by 2050 scenario, the net impact of all these changes is around 30 million additional jobs by 2030 as shown in figure 1 below.⁹ These changes will impact different communities and types of workers differently, and merit complementary policies to protect workers and ensure the transition is just.¹⁰

Figure 1: New workers in clean energy and related sectors, positions by occupation and skill level (Source: IEA)



About 30 million new workers are needed by 2030 to meet increased demand for clean energy, efficiency, and low-emissions technologies; over half are highly skilled positions

Adapted from Net Zero by 2050: A Roadmap for the Global Energy Sector (May 2021, IEA)



Jobs promoted by the shift to a green economy offer the potential to address the persistent gender inequalities that exist in the labour force, and could reduce gaps in incomes and livelihoods.¹¹ However, this does not happen automatically. It requires an approach that intentionally integrates a gender perspective into all aspects of promoting green jobs, including recruitment, retention, skills development, progression and promotion, safeguarding and social protection throughout a person's life.

The shift to net zero and resilient economies will create, change and eliminate jobs, and will affect men and woman differently

Part of the reason for this difference is that women are often poorly represented in sectors that are vital to the transition to net zero and climate-resilient economies. Some of the lowest rates of female participation in the workforce are found in sectors such as construction (9 per cent of female participation globally), engineering (12 per cent), and manufacturing (24 per cent).¹² In the renewable energy sector – where the number of jobs could increase from 10.3 million in 2017 to nearly 29 million in 2050 – women only represent 32 per cent of employees.^{13,14} Moreover, currently only 28 per cent of technical staff in renewable energy companies are women.¹⁵ A study of skills for green sectors across 32 countries concludes that without policy interventions, the energy transition will likely promote more employment opportunities for men than for women.¹⁶ The lack of targeted training and supportive policies may exacerbate already-existing gender inequalities when progressing towards the green economy.

Impact Case



- Enhance climate action:** It is proven that companies with more women on their boards are more likely to improve energy efficiency, lower company costs and invest in renewable power generation.¹⁷ Based on ESG risk ratings by data provider and research firm *Sustainalytics*, the top-quartile companies with the highest percentage of women on boards, on average, have an environmental rating 36 per cent higher than those in the bottom quartile.

Business Case



- Larger and more diverse talent pool:** Research suggests companies that invest in women and family-friendly work environments are likely to benefit from attracting and retaining the best talent (both women and men), thereby also managing skill and talent shortages. By 2030, demand for skilled workers is projected to outstrip supply, resulting in a global talent shortage of more than 85.2 million people¹⁸, and many of these will be green jobs vacancies. Promoting access of woman to high-quality green skills training programmes and jobs in high-demand sectors can help address this shortage.
- Social license to operate:** Businesses that can improve the inclusion of women in their operations may enhance their relationships with the community, other local businesses and governments. For green businesses operating in specific geographic (often remote or rural) locations, where community buy-in is important, supporting women to access skills development and job opportunities can be an important part of maintaining a social license to operate.
- Enhanced business performance:** As the scope to shift from low-cost labour to technology-augmented jobs increases, upskilling and reskilling of employees has the potential to increase employee productivity by 6-12 per cent, according to research on skills development in the UK by McKinsey.¹⁹ Companies that harness both diversity in their workforce and leadership are also 45 per cent more likely than companies lacking diversity to have grown market share and 70 per cent more likely to have captured a new market in the last 12 months.²⁰
- Increase innovation:** Research from China's manufacturing sector indicates that green innovation at the company level is systematically related to women's representation on the company's board of directors. Women can demonstrate a positive and sizable effect on green innovation in cases where least two board seats are occupied by women.²¹

Companies with improved gender diversity on boards are more likely to reduce:²²


Energy consumption by 60%


GHG emissions by 39%


Water use by 46%



2. How to invest with a gender-smart lens: green jobs

Across the global economy, women do not have equal opportunities to participate in, and benefit from, labour market opportunities. This is due to persistent gender inequalities caused by gender roles, cultural norms, access to markets, and regional laws and regulations.

In the short term, the transition to a green economy is an opportunity to increase women's access to low-skilled, male-dominated sectors that are expected to grow in the transition to net zero. In the long term, the transition presents an opportunity to promote women's access to higher-skilled, decent jobs, especially in the science, technology, engineering and mathematics (STEM) fields. At the same time, employees should be encouraged to manage overall risks, including poor occupational health and safety standards, as well as informal and unstable work and working conditions.

BOX 1: Decent jobs in the green transition

Green jobs need to be promoted as decent jobs.²³ As such, they should be offering: equal pay for work of equal value; adequate wages; safe and harassment-free working conditions; job security; career advancement; learning opportunities; social insurance and pensions; and maternity protection (therefore responding to the needs of workers with family responsibilities); and ensuring occupational health and safety. In the case of retrenchment of workers, or early retirement brought about by the transition, it is critical to ensure there is a social floor for workers and their families through expanded social protection.

Addressing barriers to women's employment in the green economy

Existing gender barriers for women's inclusion in the labour market including capacity constraints, norms and beliefs barriers, lack of know-how and underinvestment in workforce development. Investors can encourage companies to implement approaches enabling women's access to green jobs, through for example supportive networks and mentorships for women in the field, gender targets and quotas, and family friendly working arrangements.²⁴

Skilling interventions that allow women to access and make progress in green jobs

Few countries have put in place the skills development strategies, and the corresponding human and financial resources needed to implement them, to prepare for the shift to a net zero economy. In least developed countries, skills development strategies are rarely included in national climate change adaptation plans. The reasons for this include weak coordination between sectors (in particular national planning and labour ministries), and a lack of adequate resources and institutional capacity to implement such strategies. Even where such strategies exist, they tend to neglect gender dimensions.²⁵

To address skills shortages, businesses may need to develop specific interventions to upskill workers (including women). Investors can play a role in supporting this, providing technical assistance and advisory support to design and implement projects with portfolio companies that enable skills development and access to green jobs for women. This can involve:

- Articulating the business and impact case to investee companies;
- Sourcing suitable training providers;
- Engaging with government to leverage training curriculum;
- Building partnerships with other businesses with similar training needs; and
- Sharing findings with the wider market.

BOX 2: How CDC advances inclusive pathways through the development of Just Transition finance roadmaps

CDC convened the [Just Transition Finance Roadmaps \(JTFR\) project](#) in South Africa and India, alongside partners LSE Grantham Research Institute, Harvard Kennedy School, Trade & Industrial Policy Strategies, and Environmental Management Center. This work aims to create roadmaps for financing the just transition, with an emphasis on place-based investments that ensure the transition to green energy is inclusive, just, and leaves no-one behind.²⁶

2–3x more jobs are created by renewable energy and energy efficiency projects



than those created by fossil fuels





Table 1 highlights some of the gender-smart considerations in green jobs and skilling per sector:

Sector	Green jobs opportunities for women
<p>Gender and workforce risks differ by sector, and while a comprehensive review of these risks is out of the scope of this table, they must be addressed to create decent green jobs for women.</p>	
<p>Agriculture and food</p>	<p>Investments in agriculture and food are expected to generate about 200 million full-time green jobs by 2050, along the entire food production system.²⁷ Giving women (who already constitute 43 per cent of the agricultural labour force globally²⁸) access to the resources needed (including investments, training and information) will enable them to transition to these green jobs.</p>
<p>Forestry</p>	<p>Targeted international investments of \$30 billion per year into reduced deforestation and degradation of forests could sustain up to 8 million additional full-time workers in developing countries.²⁹ Women, who often perform unpaid community work in the forestry sector, can participate in higher value-added activities in forestry value chains, small-scale forestry, as well as ecotourism, and access decent green jobs.</p>
<p>Renewable energy</p>	<p>More than 2.3 million green jobs have already been generated in the renewable energy sector, where women’s participation in the sector stood at 32 per cent in 2019.³⁰ The growth of the sector in the transition to net zero presents diverse career opportunities that require different skill-sets and talents along the value chain, including technical and non-technical skills such as sales. Women’s participation in renewable energy employment is higher than in the traditional energy sector. While this is promising for women’s transition to higher-paying green jobs in the future, the lack of gender balance in STEM fields needs addressing.³¹</p>
<p>Construction and real estate</p>	<p>Jobs in the construction sector provide opportunities for those with less formal education to earn competitive wages. However, women constitute just over 10 per cent of people working in construction globally.³² At the same time, the construction sector is facing shortages of skilled labour.³³ The green buildings sector is growing, giving rise to green jobs across the whole construction ecosystem, including architects, construction managers, solar energy installation managers and sustainability experts.</p>
<p>Transportation</p>	<p>More than 5 million green jobs in the railway sector in China, India and the EU, as well as millions more in public transport globally (particularly bus rapid transit systems) contribute to green economic growth. Green employment opportunities are also generated in the shift to electric vehicles. Even though women constitute about 20 per cent of workers in the transportation sector, with countries investing more in low-carbon transport systems, there is an opportunity for women to access higher-paid quality technical jobs.</p>
<p>Manufacturing</p>	<p>Manufacturing is considered to be a major driver of job growth (increasingly more green jobs) in emerging markets through to 2030.³⁴ With the exception of Asia, men are predominantly found in the manufacturing sector as compared to women. The share of women workers in the manufacturing and production sector stands at 20 per cent, with a significant gender pay gap between men and women of 32 per cent.³⁵</p> <p>The opportunities presented by higher women’s participation in green growth relate to production of clean technologies and products and green manufacturing processes (eliminating chemical inputs and hazardous working conditions), micro, small and medium-sized enterprises (MSME) development and female entrepreneurship (including new professions, product development, and use of green technology).³⁶</p>



3. What? Promoting gender-smart green jobs in practice

The following investments by 2X members provide an overview of what a gender-smart green jobs investment can look like.



- EMPLOYMENT
- CLIMATE MITIGATION

How Miro Forestry plans to transition to a net-zero economy towards 2050 by creating jobs and enhancing women’s skills in Ghana and Sierra Leone³⁷

Setting the scene: In 2015, CDC committed to investing \$15 million into Miro Forestry (Miro), and has subsequently made loans of \$2 million alongside the European Investment Bank (EIB) and other investors. Miro is a sustainable forestry and timber business with plantations in Ghana and Sierra Leone. The company has prioritised improving women’s access to jobs through targets, mentorship and upskilling, which is a core part of enabling the ‘transition in’ to new green jobs that are inclusive for women.

Approach and impact: Miro’s latest business plan anticipates tripling its workforce, employing more than 4,500 people after 2030. The focus on women’s empowerment followed a strategic decision by the company to address the issue of high absentee levels and attrition rates by focusing on its women employees. Miro set a target to increase the number of women in the workforce from 26 per cent to 40 per cent within two years at its Ghana site. This included an upskilling programme which aimed to provide equal opportunities for training, as well as increasing the hiring of women by providing unconscious bias training to senior management.



- EMPLOYMENT, ENTREPRENEURSHIP
- CLIMATE MITIGATION

How renewable energy companies in Egypt and Kazakhstan promote women’s access to green jobs

Setting the scene: In partnership with the Green Climate Fund and the Climate Investment Fund, EBRD supported Egypt and Kazakhstan in transforming their respective energy sectors. Renewable energy companies in both countries have committed to promoting women’s economic opportunities in the high-growth, high-value renewable energy sector by enhancing women’s green skills and prioritising women’s access to jobs through targets, mentorship and upskilling.

Approach and impact: Rapidly growing markets offer multiple opportunities for innovation and entrepreneurship to thrive. With EBRD support, companies in both countries undertook a market study to identify a clear skills mismatch that, once addressed, will enable women to access green jobs and set up green enterprises in the renewable energy sector. By liaising with technical and vocational education centres to ensure women acquire the right skills to access the clean energy labour market, companies will also contribute to the creation of an enabling environment for private sector renewable investments, promoting women’s access to economic opportunities in the renewable energy ecosystem in Egypt and Kazakhstan. Skills enhancement for women can create employment and entrepreneurship opportunities and deliver other economic benefits connected to the development of renewable energy sources.^{38,39}





- EMPLOYMENT
- CLIMATE MITIGATION

How ENGIE promotes access to reliable and cheap electricity in remote villages across Uganda under an off-grid solar scheme

Setting the scene: The EIB provided a \$12.5 million loan to support the deployment of 240,000 high-quality solar home systems in Uganda by Fenix International, a subsidiary of the French utility company ENGIE. As a result, the company has created new employment opportunities for women and girls in the renewable energy sector.

Approach and impact: ENGIE Africa employs nearly 4,000 people and has 3.15 giga-watts (GW) of power generation capacity in operation or construction. It is a leader in the decentralised energy market, providing clean energy to more than 4.5 million people through domestic solar installations and local microgrids.⁴⁰





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The following resources provide guidance on gender and green jobs promotion:

- [Donor Committee for Enterprise Development, Gender-Responsive Green Growth: Green Jobs and Skills Development](#)
- [ILO, Gender Equality and Green Jobs](#)

SDGs IMPACT  Investing with a gender and climate lens can help enhance your contribution to the following SDGs:

	<p>End poverty in all its forms everywhere</p>		<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>
	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>		<p>Ensure sustainable consumption and production patterns</p>
	<p>Achieve gender equality and empower all women and girls</p>		<p>Take urgent action to combat climate change and its impacts</p>
	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>		

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Editor: Kevin Dowling

Design: Steve Green – Definite.design